

STATE OF TEXAS

COUNTY OF TARRANT

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KNOW BY ALL MEN THESE PRESENTS:

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

### NO SURFACE USE OIL AND GAS LEASE

This **NO SURFACE USE OIL AND GAS LEASE** ("Lease") is made as of the **27** day of **APRIL, 2010**, (the "Effective Date") by and between **Southwest Securities, FSB, A Federal Savings Bank** ("Lessor") whether one or more, whose address is **1201 Elm Street, Suite 101, Dallas, Texas 75270**, and **AXIA LAND SERVICES, L.L.C., 801 Cherry Street, Suite 3850, Unit 39, Fort Worth, Texas 76102**. Lessor and Lessee are sometimes collectively referred to in this Lease as the "Parties."

1. Grant. Lessor, in consideration of a cash bonus in hand paid by Lessee, the royalties herein provided, and the covenants, agreements and obligations of Lessee herein contained, and subject to the conditions and limitations hereinafter set forth, hereby leases and lets, exclusively unto Lessee, for the purpose of exploring, drilling for, producing, and marketing oil and gas, produced from the land in Tarrant County, Texas, described as follows, to wit:

**0.7347 acres**, more or less, out of the **W.P. MILBY SURVEY, A-1059**, Tarrant County, Texas and being **LOT 6-R, BLOCK 2, of BOWEN PLACE REVISED** an addition to the City of Arlington, Tarrant County, Texas, according to the map or plat thereof recorded in **BOOK 388-104, PAGE 788**, Plat Records of Tarrant County, Texas.

**0.2796 acres**, more or less, out of the **W.P. MILBY SURVEY, A-1059**, Tarrant County, Texas and being **LOT 1, BLOCK 1, of GLENWOOD**, an addition to the City of Arlington, Tarrant County, Texas, according to the map or plat thereof recorded in **CABINET A, SLIDE 10337**, Plat Records of Tarrant County, Texas.

**0.2425 acres**, more or less, out of the **W.P. MILBY SURVEY, A-1059**, Tarrant County, Texas and being **LOT 2, BLOCK 1, of GLENWOOD**, an addition to the City of Arlington, Tarrant County, Texas, according to the map or plat thereof recorded in **CABINET A, SLIDE 10337**, Plat Records of Tarrant County, Texas.

**0.0865 acres**, more or less, out of the **W.P. MILBY SURVEY, A-1059**, Tarrant County, Texas and being **LOT 4, BLOCK 1, of GLENWOOD**, an addition to the City of Arlington, Tarrant County, Texas, according to the map or plat thereof recorded in **CABINET A, SLIDE 10337**, Plat Records of Tarrant County, Texas.

**0.0867 acres**, more or less, out of the **W.P. MILBY SURVEY, A-1059**, Tarrant County, Texas and being **LOT 5, BLOCK 1, of GLENWOOD**, an addition to the City of Arlington, Tarrant County, Texas, according to the map or plat thereof recorded in **CABINET A, SLIDE 10337**, Plat Records of Tarrant County, Texas.

**0.1581 acres**, more or less, out of the **W.P. MILBY SURVEY, A-1059**, Tarrant County, Texas and being **LOT 8, BLOCK 1, of GLENWOOD**, an addition to the City of Arlington, Tarrant County, Texas, according to the map or plat thereof recorded in **CABINET A, SLIDE 10337**, Plat Records of Tarrant County, Texas.

**0.0869 acres**, more or less, out of the **W.P. MILBY SURVEY, A-1059**, Tarrant County, Texas and being **LOT 7, BLOCK 1, of GLENWOOD**, an addition to the City of Arlington, Tarrant County, Texas, according to the map or plat thereof recorded in **CABINET A, SLIDE 10337**, Plat Records of Tarrant County, Texas.

**Containing a Total of 1.675 acres, more or less**

(and referred to herein as the "Land", the "Property," or the "Leased Premises"), but only as to 1000 feet below the surface to 100 feet below the Barnett Shale. The Leased Premises shall include all strips and gores, streets, easements, highways and alleyways adjacent thereto. Lessor agrees to execute at Lessee's request any additional or supplemental instruments reasonably necessary for a more complete or accurate description of the leased premises. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres specified above shall be deemed correct, whether actually more or less.

2. Term. Subject to the other provisions contained herein, this Lease shall be for a term of three (3) years from the date hereof (the "primary term"), and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the Leased Premises or from lands pooled therewith, or this Lease is otherwise maintained in effect pursuant to the provisions hereof.

Lessor shall have the right, to be exercised prior to the date on which this Lease or any portion thereof would expire in accordance with its terms and provisions, to extend the term of this Lease for an additional two (2) years as to all acreage then held hereunder which would expire unless so extended. To exercise this right to extend, Lessee must deliver payment to Lessor the same bonus consideration, terms and conditions as granted for this lease.

3. Minerals Covered. For purposes of this Lease, "oil and gas" means oil, gas and other liquid and gaseous hydrocarbons and their constituent elements produced through a well bore. "Oil" includes all condensate, distillate and other liquid and gaseous hydrocarbons produced through a well bore. "Gas" includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. Expressly excluded from this Lease are lignite, coal, sulfur and other like minerals. Lessee shall have no rights to water in, on, or under lands of Lessor.

4. Royalty. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) for oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty-five percent (25%) (the "Royalty Fraction") of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the

continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; and (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be twenty five percent (25%) (the "Royalty Fraction") of the proceeds realized by Lessee from the sale thereof, computed at the point of sale, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder.

The market value of gas will be determined at the specific location by reference to the gross heating value (measured in British thermal units) and quality of the gas. The market value used in the calculation of oil and gas royalty will never be less than the total proceeds received by Lessee in connection with the sale, use, or other disposition of the oil and/or gas produced or sold. For purposes of this paragraph, if Lessee receives from a purchaser of oil and/or gas any reimbursement for all or any part of severance or production taxes, or if Lessee realizes proceeds of production after deduction for any expense of production, gathering, dehydration, separation, compression, transportation, treatment, processing, storage, marketing, or remediation, then the reimbursement or the deductions will be added to the total proceeds received by Lessee.

Royalties on oil, gas and other substances produced and saved hereunder which are processed in a processing plant in which Lessee, or an affiliate of Lessee, has a direct or indirect interest, shall be calculated based upon the highest of the proceeds received or the market value of the products so processed. Similarly, on oil, gas and other substance produced and saved hereunder which are sold to Lessee, or an affiliate of Lessee, royalties shall be paid based upon the higher of the market value of the products so sold and the proceeds received by Lessee for said products. Notwithstanding anything to the contrary herein, in no event shall any of Lessor's royalty bear any part of the costs of production or any post-production costs, including costs of lifting, gathering dehydration, compression, separation, delivery, transportation, manufacture, processing, treating or marketing, or for construction, operation or depreciation of any plant or other facility or equipment for processing or treating oil or gas produced from the leased premises or lands pooled therewith. However, any such costs which result in enhancing the value of the of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production as long as they are based on Lessee's actual cost of such enhancements. In no event shall Lessor receive a price that is less than, or more than, the price received by Lessee from an unaffiliated third party purchaser. Notwithstanding anything contained herein to the contrary, in no event shall Lessor receive a price that is less than the price received by Lessee from an arms-length contract with a purchaser that is not an affiliate of Lessee. It is the specific intent of the parties that the provisions of this section are to be fully effective and enforceable as written and are not to be construed as "surplusage" under the principles set forth in *Heritage Resources v. NationsBank*, 939 S.W.2d 118 (Tex. 1996).

As used herein, "affiliate" means (i) a corporation, joint venture, partnership or other entity that owns more than ten percent (10%) of the outstanding voting interest of Lessee or in which Lessee owns more than ten percent (10%) of the outstanding voting interest; or (ii) a corporation, joint venture, partnership or other entity in which, together with Lessee more than ten percent (10%) of the outstanding voting interest of both the Lessee and the other corporation, joint venture partnership or other entity is owned or controlled by the same person or group of persons.

If gas produced from the Land or lands pooled therewith is sold by Lessee pursuant to an arms-length contract with a purchaser that is not an affiliate of Lessee, and the contract provides for net proceeds to be paid to Lessee that equal or exceed the market value of the gas at the point of delivery gas produced from The Land or lands pooled therewith is sold by Lessee pursuant to an arms-length contract with a purchaser that is not an affiliate of Lessee, and the contract provides for net proceeds to be paid to Lessee that equal or exceed the market value of the gas at the point of delivery to the purchaser, and for a term no longer than that which is usual and customary in the industry at the time the contract is made, then the market value of the gas sold pursuant to the contract shall be the total proceeds received by Lessee in the sale.

Lessor shall be paid the Royalty Fraction of all payments and other benefits made under any oil or gas sales contract or other arrangement, including take-or-pay payments and payments received in settlement of disputes; provided that if Lessor receives a take-or-pay payment or similar payment for gas that has not been produced, and if the gas is subsequently produced, Lessor will receive only its Royalty Fraction of the market value of the volume of gas for which payment has not already been made.

Lessee must disburse or cause to be disbursed to Lessor its royalty on production from a particular well not later than one hundred twenty (120) days after the end of the month following first delivery of gas from the well into the pipeline. Thereafter, Lessee must disburse or cause to be disbursed to Lessor by the last day of each month its royalty on production for which Lessee received payment in the preceding month, but in no event shall royalty be paid more than sixty (60) days after the last day of the month of production. If not paid when due, Lessor's royalty shall bear interest at the maximum lawful rate from due date until paid, which amount Lessee agrees to pay. Acceptance by Lessor of royalties that are past due shall not act as a waiver or estoppel of its right to receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor.

The receipt by Lessee, or Lessee's operator, from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee, or Lessee's operator, acquiring legal or equitable title to those proceeds, but Lessee, or Lessee's operator, will at all times hold the proceeds in trust for the benefit of Lessor. Notwithstanding the insolvency, bankruptcy, or other business failure of a purchaser of production from the Land or pipeline company transporting production from the Land, Lessee will remain liable for payment to Lessor for, and agrees to pay Lessor all royalties due Lessor together with interest if not timely paid. Lessor retains the right to terminate the Lease for failure to pay royalties, after a period of written notice and opportunity to cure which shall not exceed sixty (60) days.

Gas produced from the Land or pooled unit that the Land is included therewith shall not be commingled with gas produced from any other lands prior to the point where the gas produced from this Lease passes through the meter which will measure the gas for calculating the payment made by the purchaser of gas production.

5. Shut-in Royalty. If at the end of the primary term or any time thereafter one or more wells on the Land or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this Lease. A well that has been drilled but not fraced shall be deemed incapable of producing in paying quantities. If for a period of ninety (90) consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of fifty (50) dollars per acre then covered by this lease then covered by this Lease on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided, however, that if this Lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the Land or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Notwithstanding anything to the contrary herein, it is expressly understood and agreed that after the expiration of the primary term, Lessee shall not have the right to continue this Lease in force by payment of shut-in royalty for more than one single period of up to two (2) consecutive years.

6. Payments. All shut-in or other royalty payments under this Lease shall be paid or tendered to Lessor at the address in Section 1, or at such address or to Lessor's credit at such depository institution as Lessor may provide written notice of from time to time. All payments or tenders may be made by check or electronic transfer.

7. Continuous Drilling Obligations. If Lessee drills a well which is incapable of producing in paying quantities (a "dry hole") on the Land or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Section 9 or the action of any governmental authority, then in the event this Lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the Leased Premises or lands pooled therewith within one hundred twenty (120) days after completion of operations on such dry hole or within one hundred twenty (120) days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this Lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this Lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than one hundred twenty (120) consecutive days, and if any such operations results in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the Leased Premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the Leased Premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances (a) to develop the Leased Premises as to formations then capable of producing in paying quantities on the Leased Premises or lands pooled therewith, or (b) to protect the Leased Premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

8. Pooling. Lessee shall have the right but not the obligation to pool all or any part of the Leased Premises or interests therein with any other lands or interests, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the Leased Premises, whether or not similar pooling authority exists with respect to such other lands or interests; provided, however, that the entire Leased Premises covered by this Lease, shall be included in any unit created pursuant to the pooling authority granted herein. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed forty (40) acres plus a maximum acreage tolerance of ten percent (10%) and for a gas well or a horizontal completion shall not exceed six hundred and forty (640) acres plus a maximum acreage tolerance of ten percent (10%). For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment and "horizontal completion" means a well in which the horizontal component of the gross interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, within one hundred twenty (120) days of first production, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling which may be retroactive to first production. If the Land is included in a well, all of the Land shall be included. Production, drilling or reworking operations anywhere on a unit which includes the leased premises shall be treated as if it were production, drilling or reworking operations on the Leased Premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acres covered by this Lease and included in the unit bears to the total number of surface acres included in the unit, but only to the extent such proportion of unit production is sold by Lessee.

Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. If the leased premises are included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

The pooled unit will become effective when Lessee files in the Real Property Records of the county where the Land is located a document describing the pooled acreage and depths for the pooled unit. Lessee may at its election exercise its pooling option before or after commencing operations. Operations for drilling on or production of oil or gas from any part of a pooled unit that includes the Land shall be considered as operations on or production of oil or gas from the portion of the Land included in the pooled unit. There shall be allocated to the Land included in the pooled unit that prorated portion of the oil and gas, or either of them, produced from the pooled unit that the number of mineral acres of the Land included in the unit bears to the total number of mineral acres included in the unit. Royalties shall be

computed on the portion of production allocated to the Land. No part of the Land may be included in a pooled unit unless all of the Land is included in said pooled unit, without Lessor's written consent. Lessee agrees to use its best efforts to unitize all of the Land in a production or pooling unit.

9. Offset Wells. For purposes of this Lease, an "offsetting well" is a well that is producing oil or gas from adjacent or nearby land not pooled with the Land and is draining the Land. If an offsetting well is completed and the Land is not in a unit with ongoing operations or production, Lessee must, within one hundred twenty (120) days, after the date of first sales from the offsetting well, commence operations for the drilling of an offset well on lands pooled with the Land and must diligently pursue those operations to the horizon in which the offsetting well is producing. A well producing from a distance less than three hundred thirty (330) feet of the Land or lands pooled therewith will be conclusively presumed to be draining the Land.

10. Assignment. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. Lessee shall notify Lessor in writing of any assignment or sublease of this Lease other than those assignments being made to Chesapeake Exploration, LLC, its officers, directors, affiliates or subsidiaries. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until thirty (30) days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the reasonable satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. If Lessee transfers its interest hereunder in whole or in part, no assignment by Lessee will relieve Lessee of any liability, before or after the assignment, and Assignee is jointly and severally liable with Lessee for all Lease obligations.

11. Release and Vertical Pugh Clause. Lessee may, at any time and from time to time, deliver to Lessor a file of record written release of this Lease as to a full or undivided interest in all or any portion of the area covered by this Lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder. In any event, upon termination of this Lease, Lessee, its successors or assigns shall deliver to Lessor a recorded release within sixty (60) days as to such portion or portions of this Lease which have terminated under the terms of this Lease. Upon the expiration of the primary term of this Lease, upon the expiration of any extension or renewal of the primary term, or after cessation of operations as provided herein, whichever occurs last, this Lease shall terminate as to all rights lying below one hundred feet (100') below the Barnett Shale formation; provided, however, if Lessee is then engaged in operations on the leased premises or on lands pooled therewith, this Lease shall remain in full force and effect as to all depths so long as no more than ninety (90) days elapse between operations.

12. No Surface Use. It is hereby understood and agreed that there shall be no drilling or completion operations conducted on the surface of the Land without written consent of Lessor.

13. Noise and use of Drill Site. Noise levels associated with Lessee's operations related to the drilling, completion and reworking of wells shall be kept to a reasonable minimum, taking into consideration reasonably available equipment and technology in the oil and gas industry, the level and nature of development and surface use elsewhere in the vicinity of Lessee's drill sites and the fact Lessee's operations are being conducted in or near an urban residential area. If Lessee utilizes any non-electric-powered equipment in its operations, Lessee shall take steps to muffle the sound therefrom by installing a noise suppression muffler or like equipment that is the latest technology, including technology for the suppression of dust, vibration, noxious odors, airborne pollutants, and harmful fumes. Lessor shall use low-sulfur diesel fuel for all diesel engines. Lessee shall comply with the requirements of current and future City ordinances as to noise levels. A closed loop mud system shall be required. Exhaust from an internal combustion engine or compressor must be controlled through the utilization of a hospital grade muffler or equivalent control device. All workover operations (defined as work performed in or on a well after its completion in an effort to secure production where there has been none, restore production that has ceased, or increase production) shall be restricted to daytime hours.

14. Regulatory Requirements and Force Majeure. Lessee's obligations under this Lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including environmental regulations, setback requirements, restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. To the extent any such laws, rules, regulations or orders are less restrictive than the terms of this Lease, this Lease shall control. The breach of this paragraph will be considered a material breach of the Lease. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this Lease shall not terminate because of such prevention or delay. Lessee shall not be liable for breach of any express or implied covenants of this Lease when drilling, production or other operations are so prevented, delayed or interrupted. Lessee shall take all reasonable actions to remove or end any cause of force majeure as soon as reasonably possible. Lessee shall provide Lessor with written notice of the nature and extent of the Force Majeure event within 30 days of the onset of said event. In no event shall this Lease be perpetuated by an event of force majeure for a period of more than one (1) consecutive year or three (3) years of cumulative time. No obligation of Lessee to pay money that has accrued and was due before the Force Majeure event occurred under this lease will be excused or delayed by reason of such Force Majeure event.

15. Environmental Compliance. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the Land or lands pooled therewith, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the Land or lands pooled therewith any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the

Comprehensive Environmental Response Compensation and Liability Act (CERCLA), 42 U.S. C. Sections 9601, et seq.) or toxic substances under any federal, state or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND LESSOR, ITS AGENTS, EMPLOYEES, TENANTS, GUESTS, INVITEES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE LAND OR LANDS POOLED THEREWITH DURING LESSEE'S OCCUPANCY OR CONTROL OF SAME. LESSEE SHALL CLEAN UP, REMOVE, REMEDY, AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER OR ABOUT THE LAND OR LANDS POOLED THEREWITH DURING LESSEE'S OCCUPANCY OF SAME IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE LESSOR WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LAND OR LANDS POOLED THEREWITH. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION FOR ANY REASON, OF THIS LEASE.

16. Indemnity. LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE FOR INJURY TO OR DEATH OF PERSONS AND LOSS OR DAMAGE TO PROPERTY, INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEY'S FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY LESSEE'S OPERATIONS ON THE LAND OR LANDS POOLED THEREWITH OR LESSEE'S MARKETING OF PRODUCTION FROM THE LAND OR ANY VIOLATION OF ANY ENVIRONMENTAL REQUIREMENTS BY LESSEE. AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" INCLUDES LESSEE, ITS AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS.

17. Notices. All notices required or contemplated by this Lease shall be directed to the party being notified at the address identified in Section 1, unless notice of another address has been provided in writing. All such notices shall be made by registered or certified mail, return receipt requested, unless another means of delivery is expressly stated.

18. No Warranty of Title. Lessor makes no warranty of any kind with respect to title to the surface or mineral estate in the Leased Premises, except by through and under Lessor, or any portion of or interest therein. All warranties that might arise by common law or by statute, including but not limited to Section 5.023 of the Texas Property Code (or its successor), are excluded. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Leased Premises. Lessee assumes all risk of title failures.

19. Curing Defaults. Should Lessee at any time fail to comply with its obligations hereunder regarding construction, maintenance, or repair, Lessor shall have the right, after giving 30 days prior written notice to Lessee, to do or have done whatever is necessary to fulfill the obligations to its satisfaction, and Lessee shall be liable to Lessor for the reasonable and necessary expenses thus incurred by Lessor, to be paid within 30 days after Lessor shall have furnished Lessee an itemized written statement of the expenses.

20. Venue and Legal Fees. Venue for any dispute arising under this Lease shall lie in Tarrant County, Texas, where all obligations under this Lease are performable. At any time that any obligation of the Lessee to make a payment shall not be complied with in accordance with the terms of the Lease, it is agreed and understood that Lessee will pay to Lessor interest thereon at the highest lawful rate allowed to be charged to Lessee by Lessor under the then existing Statutes of the State of Texas. In addition, in the event of the breach of any provision of the Lease, Lessee shall pay to Lessor all costs and expenses reasonably incurred including reasonable attorney's fees and costs of court incurred by Lessor for the enforcement of the provisions of this Lease. It is agreed and understood that time is of the essence in the performing of each responsibility under the terms of this Lease.

21. Records. Lessee shall keep complete and accurate records of all its operations relating to or affecting the Leased Premises, and the results thereof, including but not limited to: all geological, geochemical and paleontological data and interpretations or analyses thereof; all land surveys, title opinions and title curative material; all drilling, coring, logging, testing and completion records; all production records showing the total gross production, the quantities saved, sold and used, the disposition thereof, and the sales prices or values thereof; all production sales contracts; and such other records and as may be proper for the settlement of accounts between Lessor and Lessee or to determine the respective rights and obligations of said parties hereunder. During the primary term of this Lease and for as long as oil and gas is produced therefrom, and for a period of one (1) year thereafter, Lessee shall make all of such records and data available to Lessor or Lessor's designee for examination and copying in Lessee's offices at all reasonable times upon written request of Lessor limited to an annual basis only as well as all other records, reports, notes, charts, graphs, maps, contracts, documents, papers, and other material in the possession of or under the control of the Lessee and pertaining to the Leased Premises. All information provided to or available to Lessor will remain confidential until the same is made public.

22. Division Orders. It is agreed that neither the Lease nor any of its terms or provisions shall be altered, amended, extended, or ratified by any division order or transfer order executed by Lessor, Lessor's successors, agents, or assigns. If Lessee shall require the execution of a division order for payment of royalty payable under the Lease, then the only form of division order permitted for Lessee's use shall be such form promulgated by the State of Texas and set forth in Section 91.402(d) of the Texas Natural Resources Code as amended from time to time. Any amendment, alteration, extension or ratification of this lease, or of any term or provision of this lease, shall be made only by an instrument clearly denominating its purpose and effect, describing the specific terms or provisions affected and the



proposed change or modification hereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be enforced. Any purported amendment, alteration, extension or ratification not so drafted shall be of no force or effect.

23. Proportionate Reduction. If Lessor owns less than the full mineral estate in all or any part of the Leased Premises, the royalties and shut-in royalties payable hereunder for any well on any part of the Leased Premises or land pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the Leased Premises bears to the full mineral estate in such part of the Leased Premises.

24. Payment of Royalties. The rights of Lessor under this Lease shall be in addition to, and not in lieu of, all rights Lessor may have as to payment of royalty under Texas law, including, without limitation, V.T.C.A. NATURAL RESOURCES CODE §§ 91.401 through 91.405.

25. Insurance. At all times while this Lease is in force, Lessee shall acquire and maintain appropriate insurance covering all its activities and operations hereunder, including any work performed on its behalf by contractors, subcontractors, and others. This policies shall include at least coverage for comprehensive general liability, for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage for the cost of clean-up and surface remediation, including but not limited to those set forth below:

(a) To protect Lessor against liability, loss or expense arising from damage to property or injury to any person arising out of, in connection with or resulting from the exercise of its rights and privileges under this Lease, Lessee agrees during the term of the Lease to carry, at its sole expense, with insurance companies authorized to do business in the State of Texas, the following insurance coverages. It is expressly understood and agreed that all such insurance required of Lessee by this Lease shall be primary to and non-contributory with other insurance issued directly to Lessor.

(1) Worker's Compensation and Employers Liability Insurance with limits of not less than \$500,000 to cover and include any liability (up to the maximum recoverable under applicable statutes) under or for the workers' compensation laws of the State of Texas, including provisions that claims in rem will be treated for all purposes as claims in personam;

(2) Automobile Liability covering all owned, non-owned and leased vehicles, with a combined single limit of not less than \$1 million for Bodily Injury and Property Damage;

(3) Commercial General Liability Insurance, including Contractual Liability, Products-Completed Operations Liability and Personal and Advertisement Liability, with a combined single limit of not less than \$1 million;

(4) Umbrella/Excess Liability Insurance with a limit of not less than \$25 million per occurrence, which applies excess of all underlying coverages required in this Paragraph (a) (1), (2) and (3);

(5) Pollution and Clean-Up Liability Insurance with a limit of not less than \$10 million;

(6) Well Control Insurance with a limit of not less than \$10 million; and

(7) Well Plugging Insurance, as authorized by the applicable statutes of the State of Texas.

(b) Upon request, Lessee shall furnish Lessor with Lessee's certificates of insurance evidencing the above-described coverages, which certificates must show the names of all of Lessee's insurance companies, all policy numbers, effective and expiration dates of all insurance policies, and the required limits.

(c) To the extent that any of the insurance requirements in this section are not evidenced by Lessee's certificates of insurance, Lessee represents and warrants, as a material inducement to Lessor in entering this Lease, that the requirements of this section are nonetheless fulfilled by the applicable policies of insurance.

26. Excess Royalty Payments. Any payment of royalty or Shut-in Royalty hereunder paid to Lessor in excess of the amount actually due to the Lessor shall nevertheless become the property of Lessor if Lessee does not make written request to Lessor for reimbursement within one (1) year from the date Lessor received the erroneous payment, it being agreed and expressly understood between the parties hereto that Lessor is not the collecting agent for any other royalty owner under the Land, and a determination of the name, interest ownership and whereabouts of any person entitled to any payment whatsoever under the terms of this Lease shall be the sole responsibility of Lessee. If is further expressly agreed and understood that this provision shall in no way diminish the obligation of Lessee to make full and punctual payments of all amounts due to Lessor or to any other person under the terms and provisions of this Lease. If Lessee provides proper and timely notice to Lessor of any overpayments made to Lessor, such overpayments shall only be made up by Lessee against future royalty payments to Lessee not to exceed 25% of any monthly royalty payment due Lessor. Should such monthly royalty payments cease under this Lease prior to Lessee recouping any such overpayments out of a portion of Lessor's monthly royalty, Lessee shall absorb such loss in its entirety without any liability to or reimbursement from Lessor.

27. HECI v. Neal Notice. To the extent such knowledge and information is available and material to Lessee so that it would act on its own behalf, Lessee agrees to give notice to Lessor of the need, if any, to bring a claim or lawsuit against a third-party who is draining, damaging, overproducing, unlawfully depleting, or otherwise damaging any reservoir underlying the Land, or lands pooled therewith, in a timely fashion so that Lessor may assert Lessor's own claim or lawsuit in a court of appropriate jurisdiction, or before a regulatory agency. Lessee shall give such notice to Lessor within ninety (90) days of the date that Lessee becomes aware of the need to assert such claim or lawsuit. In this regard, Lessee acknowledges that Lessee is in a superior position to Lessor with respect to information regarding the geology, operations, production and sale of oil and gas and constituent hydrocarbons from the Land and lands that are adjacent, contiguous or in the vicinity of the Land and particularly with respect to reservoirs not on the Land which may be productive of oil, gas, or other hydrocarbons and which underlay the Land. Nothing herein shall preclude Lessor from bringing Lessor's own action but if Lessor does not receive the notice prescribed herein from Lessee as

set forth herein, then at Lessor's option Lessee shall always be deemed to be representing Lessor's royalty share and shall pay same to Lessor from recoveries or payments to Lessor by virtue or on account of the foregoing.

28. Compliance with Governing Law. Lessee will conduct all operations under this Lease and lands pooled therewith in compliance with current and future rules of the Railroad Commission of Texas, and all federal, state, and local laws, rules, regulations, and ordinances, including without limitation all environmental laws, rules, regulations, and ordinances.

29. Subordination/Non-disturbance. Notwithstanding anything herein to the contrary, neither Lessee nor Lessee's assigns shall ever require a subordination, partial release of lien, release of lien, consent or other documentation from any lender of Lessor with a lien on the Land, as a condition to Lessor receiving the agreed bonus or any royalty payment unless the lienholder has declare the Lessor to be in default on the obligation secured by such lien. If a subordination or non-disturbance agreement is needed from any lienholder for Lessee's operations hereunder, Lessee shall pay all costs and expenses related thereto.

30. Miscellaneous. Nothing in this Lease shall negate the implied covenants imposed on Lessee under applicable law. This Lease is entered into in the State of Texas and shall be construed, interpreted and enforced in accordance with the laws of the State of Texas without reference to choice-of-law rules. Should any of the provisions herein be determined to be invalid by a court of competent jurisdiction, it is agreed that this shall not affect the enforceability of any other provision herein and that the parties shall attempt in good faith to renegotiate that provision so determined to be invalid to effectuate the purpose of and to conform to the law regarding such provision. The section titles appearing in this Lease are for convenience only and shall not by themselves determine the construction of this Lease. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Singular and plural terms, as well as terms stated in the masculine feminine or neuter gender, shall be read to include the other(s) as the context requires to effectuate the full purposes of this Lease.

A MEMORANDUM OF LEASE and not the actual Lease instrument with its addendum, if any, shall be filed of record in Tarrant County, Texas, in order to give constructive notice of Lessee's leasehold interest in the property. **Lessor agrees that neither this Lease nor any memorandum of this Lease shall be filed of record in Tarrant County or any other county until the lease bonus negotiated and agreed between the Parties has been paid in full to Lessor.**

IN WITNESS WHEREOF, this Lease is executed to be effective as of the date first written above.

LESSOR:

Southwest Securities, FSB, A Federal Savings Bank

By: Michael Jarrett, Senior Vice President

Name: MICHAEL JARRETT

Title: SENIOR VICE PRESIDENT OF SOUTHWEST SECURITIES, FSB, A FEDERAL SAVINGS BANK

RETURN TO:  
Axia Land Services, LLC  
500 E. Border Street, Suite 640  
Arlington, Texas 76010

STATE OF TEXAS (CORPORATE ACKNOWLEDGEMENT)

COUNTY OF TARRANT

This instrument was acknowledged before me on the 28 day of APRIL, 2010, by

MICHAEL JARRETT, the SENIOR VICE PRESIDENT OF SOUTHWEST SECURITIES, FSB, A FEDERAL SAVINGS BANK, on behalf of said corporation.



[Signature]  
Notary Public, State of Texas  
Notary's Name Printed: Kathleen A. Kennedy  
Notary's Commission Expires: 10-24-2012

SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

AXIA LAND SERVICES  
PO BOX 1407  
FT WORTH, TX 76101

Submitter: AXIA LAND SERVICES, LLC

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 6/17/2010 11:51 AM

Instrument #: D210145922

LSE

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PGS

\$40.00

By: \_\_\_\_\_

*Suzanne Henderson*

D210145922

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: CAMADDOCK